

**Exhibit Q**

ANALYSIS OF SAVINGS OF CBA MODIFICATIONS

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The Financial Management and Oversight Board for Puerto Rico and its advisors (the "Board") have prepared this report based upon information and material supplied by the Board, Board advisors, the Government of Puerto Rico (the "Government"), the Puerto Rico Electric Power Authority ("PREPA") and other publicly available sources.

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The Board has the knowledge, experience and ability to form its own conclusions. Any assumptions, forecasts, projections, recommendations, conclusions or opinions contained in this report are solely those of the Board. Assumptions deemed reasonable for these estimates do not indicate whether another party would have selected the same assumption or methods. The use of other assumptions may also be reasonable and could produce different results.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. As a result, no assurance regarding the achievement of forecasted results is provided, and reliance should not be placed on any forecasted results or projects contained herein as such information is subject to material change and may not reflect actual results. The Board takes no responsibility for the achievement of projected results.

# Summary of estimated savings to amend CBAs to Puerto Rico labor laws and workplace optimization

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The projected savings are based on financial, labor and employee assumptions in the PREPA 2022 Fiscal Plan and PREPA FY2023 Budget certified June 30, 2022

Breakdown of potential saving components		Annual	¢/kWh	5-yr
(1)	Reduce OT rate to 1.50x	\$ 2,633	0.016¢	\$ 13,163
(2)	Reduce vacation accrual rate	2,278	0.014¢	11,391
(3)	Reduce Christmas bonus to \$600	996	0.006¢	4,980
(4)	Eliminate future accumulated sick time liquidation	644	0.004¢	3,220
(5)	Reduce Holidays from 24 to 20	608	0.004¢	3,038
(6)	Eliminate discretionary bonus	431	0.003¢	2,153
(7)	Reduce sick time accrual rate	309	0.002¢	1,545
(8)	Eliminate productivity bonus	272	0.002¢	1,362
<b>Potential savings from labor laws (annual)</b>		<b>\$ 8,170</b>	<b>0.050¢</b>	<b>\$ 40,850</b>
(9)	Modify Workday/Workweek (8 hr./40 hr.)	1,266	0.008¢	6,328
(10)	Workplace efficiencies from workforce optimization	1,768	0.011¢	8,841
(11)	Increased UHC from \$125 to \$170	(269)	(0.002¢)	(1,345)
<b>Potential Labor Savings (annual)</b>		<b>\$ 10,935</b>	<b>0.067¢</b>	<b>\$ 54,675</b>

Source: PREPA 2022 Fiscal Plan, FY2023 Fiscal Budget, Act 66-2014, Act 3-2017, Act 8-2017, Act 26-2017

Projected savings are incremental to projections to the extent PREPA has not adhered with all provisions of the emergency labor laws, other than Christmas Bonus which was not budgeted but reported as paid by PREPA in FY2022 (November 2021). Workplace flexibility initiatives include modifications to employee transfers, reassignment and relocation, rate and shift differentials, notice periods, waiting periods, and classification requirements

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Breakdown of potential saving components

- (1) Savings for reduced OT wages resulting from the reduction from 2.0x to 1.5x
- (2) Savings from vacation accrual reduced to 1.25 days per month (2.5 to 1.25 days); avg. reduction 15 vacation days
- (3) Impact of Christmas bonus at \$600 per year from avg. of \$1,600 per 13-wk Cash Flow
- (4) Savings from the elimination of the ability to liquidate unused accrued sick time above the max carryover;
- (5) Savings from the reduction of 4 Holidays down to the current 20 holidays provided by Act 26-2017
- (6) Savings from the elimination of discretionary bonuses of UTIER: \$600 per year and UEPI: \$450 per year
- (7) Savings from reduction in sick leave accrual rate for employees hired before/after Act 3-2017
- (8) Savings elimination of bonuses under CBAs of UTIER: \$400 per year
- (9) Savings estimate from modifying the workday to 8 hrs. (from 7.5); work week increased to 40 hrs. (from 37.5)
- (10) Savings estimate from workplace flexibility with a targeted 10% OT savings (target excludes pay rate and 8 hr. workday)
- (11) Cost of UHC increase to \$170 per year from \$125 per Fiscal Plan to match with AFSCME PSA in Commonwealth POA

Other Assumptions

Primary legislation	Act 66-2014, Act 3-2017, Act 8-2017, Act 26-2017
Headcount	FY2023 Budget included 996 active FTEs; UTIER: 681 and UEPI: 48
Average Salary	FY2023 Budget avg. salary of \$39,404; UTIER: \$35,404 and UEPI: \$46,036
Annual Overtime	2022 Fiscal Plan OT labor assumption of 20% of regular wages in FY2023

The proposed amendments developed by FOMB and the Government would generate savings that could be redeployed to fund PREPA's transformation

Source: PREPA 2022 Fiscal Plan, FY2023 Fiscal Budget, Act 66-2014, Act 3-2017, Act 8-2017, Act 26-2017

Projected savings are incremental to projections to the extent PREPA has not adhered with all provisions of the emergency labor laws, other than Christmas Bonus which was not budgeted but reported as paid by PREPA in FY2022 (November 2021). Workplace flexibility initiatives include modifications to employee transfers, reassignment and relocation, rate and shift differentials, notice periods, waiting periods, and classification requirements



# Summary of CBA economic rules to align employee benefits with Puerto Rico labor laws and other provisions

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Provisions	UEPI	UTIER	Alignment to Act 26
<b>Evergreen Clause</b>	<ul style="list-style-type: none"><li>CBA will remain in force until a new CBA is effective or signatory provides 6-month termination notice</li></ul>	<ul style="list-style-type: none"><li>CBA will remain in force until a new CBA is effective or signatory provides 8-month termination notice</li></ul>	<ul style="list-style-type: none"><li>Eliminate provision</li></ul>
<b>Overtime Pay</b>	<ul style="list-style-type: none"><li>Overtime in excess of 37.5 hours at 2.0x the regular salary</li></ul>	<ul style="list-style-type: none"><li>Overtime in excess of 37.5 hours at 2.0x the regular salary</li></ul>	<ul style="list-style-type: none"><li>Reduce OT rate to 1.5x the regular salary/hourly rate</li></ul>
<b>Vacation Leave</b>	<ul style="list-style-type: none"><li>Accrued at 2½ days</li><li>Accrue up to 30 days a year</li><li>Unused days are carried over or liquidated</li></ul>	<ul style="list-style-type: none"><li>Accrued at 2½ days</li><li>Accrue up to 30 days a year</li><li>Unused days are carried over or liquidated</li></ul>	<ul style="list-style-type: none"><li>Accrued at 1¼ day/month; up to 60 days</li><li>Accrue up to 15 days a year</li><li>Liquidated at retirement/termination</li></ul>
<b>Sick Leave</b>	<ul style="list-style-type: none"><li>Accrue up to 19 days/yr. without limitation</li><li>Over 90 days are liquidated</li></ul>	<ul style="list-style-type: none"><li>Accrue up to 19 days/yr. without limitation</li><li>Over 90 days can be liquidated</li></ul>	<ul style="list-style-type: none"><li>Accrue at 1 day or 1½ day/month (based on start date); up to 90 days</li><li>No liquidation</li></ul>
<b>Holidays</b>	<ul style="list-style-type: none"><li>24 holidays (+1 in election year)</li><li>Paid at 2x the regular rate if employee works</li></ul>	<ul style="list-style-type: none"><li>24 holidays (+1 in election year)</li><li>Paid at 2x the regular rate if employee works</li></ul>	<ul style="list-style-type: none"><li>Currently 20 CW holidays</li><li>Paid at 1.5x regular salary/hourly rate</li></ul>
<b>Other Bonuses</b>	<ul style="list-style-type: none"><li>Specific employees will receive bonus of up to \$450</li></ul>	<ul style="list-style-type: none"><li>Specific employees will receive bonus of up to \$600</li><li>Productivity bonus of up to \$400</li></ul>	<ul style="list-style-type: none"><li>Eliminate all bonuses per Act 26-2017 and FP other than Christmas bonus</li></ul>
<b>Christmas Bonus</b>	<ul style="list-style-type: none"><li>Bonus equivalent to 8% for the first \$60K and 4% for any incremental salary</li></ul>	<ul style="list-style-type: none"><li>Bonus equivalent to 8% for the first \$60K and 4% for any incremental salary</li></ul>	<ul style="list-style-type: none"><li>Bonus of \$600 per year</li></ul>

Source: Collective Bargaining Agreement - Workers Union of the Electric Power and Irrigation Industry (UTIER, acronym in Spanish) and Puerto Rico Electric Power Authority (AEE, acronym in Spanish) dated August 24, 2008; and Collective Bargaining Agreement - Union of Independent Professional Employees (UEPI) and Puerto Rico Electric Power Authority (AEE, acronym in Spanish) dated September 15, 2014

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D

Summary of CBA workforce and personnel policies to increase staffing flexibility

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Provisions	UEPI	UTIER	Notes
Subcontracting	<ul style="list-style-type: none"><li>Subcontracting needs to be approved by the union</li></ul>	<ul style="list-style-type: none"><li>Subcontracting only allowed in emergency situations</li></ul>	<ul style="list-style-type: none"><li>Provide staffing flexibility</li></ul>
Transfers	<ul style="list-style-type: none"><li>Transfer to another muni \$575</li><li>Transfer within the muni \$350</li></ul>	<ul style="list-style-type: none"><li>Transfer to another muni \$575</li><li>Transfer within the muni \$350</li></ul>	<ul style="list-style-type: none"><li>Provide staffing flexibility</li></ul>
Complaint Resolution	<ul style="list-style-type: none"><li>All complaints, disputes, or claims are subject to arbitration</li></ul>	<ul style="list-style-type: none"><li>All complaints, disputes, or claims are subject to arbitration</li></ul>	<ul style="list-style-type: none"><li>Provide for pre-petition claim process</li></ul>
Workday	<ul style="list-style-type: none"><li>37.5 hours a week (plus 1 hour lunch)</li></ul>	<ul style="list-style-type: none"><li>37.5 hours a week (plus 1 hour lunch)</li></ul>	<ul style="list-style-type: none"><li>Provide staffing flexibility</li></ul>
Vacant / New Positions	<ul style="list-style-type: none"><li>Most qualified employee to be prioritized</li></ul>	<ul style="list-style-type: none"><li>8-step process to determine qualified employee</li></ul>	<ul style="list-style-type: none"><li>Provide staffing flexibility</li></ul>
Employment Stabilization	<ul style="list-style-type: none"><li>If a department is reduced, preference shall be given to remain to employees with more seniority</li></ul>	<ul style="list-style-type: none"><li>If a workstream is suspended, affected employees will be prioritized to fill vacancies</li></ul>	<ul style="list-style-type: none"><li>Provide staffing flexibility</li></ul>

Source: Collective Bargaining Agreement - Workers Union of the Electric Power and Irrigation Industry (UTIER, acronym in Spanish) and Puerto Rico Electric Power Authority (AEE, acronym in Spanish) dated August 24, 2008; and Collective Bargaining Agreement - Union of Independent Professional Employees (UEPI) and Puerto Rico Electric Power Authority (AEE, acronym in Spanish) dated September 15, 2014

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